

SOUTHERN UNIVERSITY -  
BAND DEPARTMENT



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COMPLIANCE AUDIT  
ISSUED MAY 18, 2005

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May 18, 2005

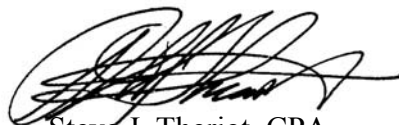
**DR. LEON R. TARVER, II, PRESIDENT**  
**SOUTHERN UNIVERSITY**  
**BATON ROUGE CAMPUS**  
Baton Rouge, Louisiana

We have audited certain transactions of the Southern University Band Department in accordance with Title 24 of the Louisiana Revised Statutes. Our audit was performed to determine whether the band director remitted to the university the unused portions of travel funds advanced for meal expenses incurred while traveling to out-of-town football games.

Our audit consisted primarily of inquiries and the examination of selected financial records and other documentation. The scope of our audit was significantly less than that required by *Government Auditing Standards*; therefore, we are not offering an opinion on Southern University's financial statements or system of internal control nor assurance as to compliance with laws and regulations.

The accompanying report presents our findings and recommendations as well as management's response. Copies of this report have been delivered to the president and board members of the Southern University System, the District Attorney for the Nineteenth Judicial District of Louisiana, and others as required by state law.

Respectfully submitted,



Steve J. Theriot, CPA  
Legislative Auditor

CGM:DD:DGP:dl

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**Band Director Submitted False Travel Expense Records**

During the period of September 2000 through October 2004, Southern University (SU) Band Director Dr. Isaac Greggs received \$220,835 in travel advances for meal expenses he and his band members incurred while traveling to out-of-town football games. Dr. Greggs submitted to the university meal receipts totaling \$156,013 and returned the remaining \$64,822 in unused travel funds. However, of the \$156,013 in meal receipts submitted to SU, \$16,781 in receipts were for meals Dr. Greggs and band members did not eat and for which meal expenses were not incurred. Therefore, Dr. Greggs was not entitled to keep the \$16,781 in travel advances. SU detected two false receipts submitted by Dr. Greggs. However, SU failed to detect or prevent the submission of all false meal receipts because:

- (1) advancing large sums of cash without requiring detailed proof of purchases created the opportunity for Dr. Greggs to submit false receipts;
- (2) although they were aware of some false receipts, SU employees responsible for detecting Dr. Greggs' false receipts did not report his actions to a higher management level;
- (3) the consequences of Dr. Greggs' actions were limited to repaying the money he kept from one of two discovered false receipts; and
- (4) Dr. Greggs' expense reports were not all independently reviewed as required by SU policy.

In addition, Dr. Greggs violated SU policy by failing to return to the university unused travel funds within 15 days after returning from travel. In one case, Dr. Greggs returned the unused travel funds 230 business days after the date of the travel.

**Background**

During football season, SU's band travels to out-of-town football games to perform during the games. As a matter of policy, SU pays the travel expenses for band members traveling to the out-of-town games. Travel expenses are paid based on actual expenses incurred. Receipts and other supporting documentation are required for all expenditures claimed.

According to Dr. Greggs and Mr. Paul Butler, manager of ARAMARK (SU's food services company), Dr. Greggs and his band members were fed breakfast free of charge before out-of-town football games. The arrangement limited free meals up to 180 band members. Mr. Butler stated that Dr. Greggs was required to pay for additional meals in excess of the 180 band members.

Travel advances are paid by SU checks directly to Dr. Greggs before the band begins its travel. According to Dr. Greggs, he cashed the checks at a local bank and paid cash for meals purchased during the band's travel. Dr. Greggs stated that after returning from the football games, he would submit his meal receipts and unused cash to the university.

Ms. Pamela Jones, SU budget management supervisor, stated that when Dr. Gregg returned from a trip, he would bring the unused portion of travel funds to the bursar's office and received a receipt for the amount of cash he returned. She indicated that Dr. Gregg would submit the bursar's office receipt and his meal receipts to the accounting department. As a service to Dr. Gregg, she sometimes prepared his expense reports and attached the receipts he provided to her. Other times, Dr. Gregg presented to her office a prepared expense report. According to Dr. Gregg, he signed his expense reports. Once completed, the expense reports stated the dollar amount advanced to Dr. Gregg, the dollar amount expended, and the amount of cash returned to the bursar's office (and that amount should agree with the bursar's office receipt given to Dr. Gregg).

From September 2000 to October 2004, Dr. Gregg received travel advances totaling \$220,835 to purchase meals for band members performing in 30 out-of-town football games. However, Dr. Gregg submitted or caused to be submitted to SU 15 meal receipts totaling \$16,781 for meal expenses not incurred. The following are details of advanced travel funds given to Dr. Gregg and his statements concerning the 15 false meal receipts submitted to SU.

### Funds Advanced for Out-of-Town Football Games

Arkansas-Pine Bluff State University - On September 6, 2000, Dr. Gregg submitted a travel request to the SU accounting department and received advanced travel funds totaling \$9,860 to purchase meals on September 9 and 10, 2000. SU records indicate that Dr. Gregg provided receipts totaling \$6,468 to support meals purchased and returned \$3,392 in unused funds. Based on SU records and statements from Dr. Gregg and a hotel representative, Dr. Gregg submitted to SU a false breakfast receipt dated September 10, 2000, in the amount of \$1,760. The receipt indicated the purchase was from the Hilton Inn in Little Rock, Arkansas. According to Dr. Gregg, the receipt was false, and the band and he did not eat at the Hilton Inn.

Prairie View A&M State University - On September 13, 2000, Dr. Gregg submitted a travel request to the SU accounting department and received advanced travel funds totaling \$8,500 to purchase meals on September 16 and 17, 2000. SU records indicate that Dr. Gregg provided receipts totaling \$7,347 to support meals purchased and returned \$1,153 in unused funds. Based on SU and ARAMARK records and statements from Dr. Gregg and a hotel representative, Dr. Gregg submitted to SU two false breakfast receipts totaling \$3,025.

As support for a meal purchased on September 16, 2000, Dr. Gregg provided SU with a handwritten receipt in the amount of \$1,375, which indicates breakfast purchased at Shoney's Inn. The receipt does not provide the time the meal was purchased or physical location of the restaurant. According to Mr. Butler, on September 16, 2000, ARAMARK provided band members a free breakfast in the dining hall on the SU campus. Dr. Gregg confirmed before leaving SU band members were provided a free breakfast by ARAMARK in the SU dining hall and did not eat breakfast at Shoney's Inn.

Dr. Gregg submitted one other receipt to SU dated September 17, 2000, in the amount of \$1,650. The receipt indicated he paid cash to purchase breakfast meals for 165 band members from the Embassy Suites Hotel in Houston, Texas. According to Ms. Mary Erickson, hotel

controller for Embassy Suites, on September 17, 2000, the hotel provided the band a complimentary full cooked-to-order breakfast that was included in the price of the rooms. In addition, she stated that the receipt provided to SU was not a valid hotel invoice. Dr. Gregg's acknowledged that he did not pay for the breakfast provided by the Embassy Suites Hotel.

Alabama A&M State University - On October 3, 2000, Dr. Gregg's submitted a travel request to the SU accounting department and received advanced travel funds totaling \$9,860 to purchase meals on October 7 and 8, 2000. SU records indicate that Dr. Gregg's provided receipts totaling \$7,514 to support meals purchased and returned \$2,346 in unused funds. Based on SU records and statements from Dr. Gregg's and a representative at Alabama A&M University, Dr. Gregg's submitted two false receipts to SU totaling \$2,131.

Dr. Gregg's provided SU with a receipt in the amount of \$552 from Alabama A&M State University dated October 7, 2000. The receipt signed "A. Miller" was generic and typed written. It indicated Dr. Gregg's purchased sandwiches and drinks for 170 band members. Ms. Lula Yarbrough, executive assistant for Academic Affairs at Alabama A&M, stated that she researched the \$552 receipt and discovered that on October 7, 2000, (1) the interim chairman of the music department was not aware of meals being provided to SU's band; (2) the Alabama A&M's band manager did not receive a request to provide meals for the band; (3) the manager of ARAMARK (Alabama A&M's food service company) did not receive a request to provide meals, and that the receipt provided to SU was not a standard company receipt; and (4) other departments at Alabama A&M that would have assisted in providing this type of service indicated they did not receive a request from SU's band administration to provide a meal on that date. According to Dr. Gregg's, the band did not eat a meal at Alabama A&M on October 7, 2000. He stated this receipt was typed and given to him by a former band department employee.

Dr. Gregg's submitted a receipt to SU in the amount of \$1,579 indicating he purchased a meal for band members from Ryan's Family Steak House. The receipt was handwritten and indicated the restaurant was located in Huntsville, Mississippi. The receipt did not provide the time period in which the meal was consumed, number of meals purchased, or physical location of the restaurant. Dr. Gregg's stated that the band did not eat this meal, and that to his knowledge there is no Huntsville, Mississippi. He stated that he has no knowledge of who prepared this receipt.

Alcorn State University - On October 16, 2000, Dr. Gregg's submitted a travel request to the SU accounting department and received advanced travel funds totaling \$4,930 to purchase meals on October 21, 2000. SU records indicate that Dr. Gregg's submitted receipts totaling \$2,705 and returned \$2,225 in unused funds. Based on SU records, statements from Dr. Gregg's, and representatives from Alcorn State University and ARAMARK, Dr. Gregg's submitted two false receipts claiming reimbursement totaling \$701.

Dr. Gregg's submitted a receipt to SU dated October 23, 2000, (Monday after the football game) in the amount of \$106 indicating he purchased 30 breakfast meals from ARAMARK on October 21, 2000. The receipt was generic and handwritten and does not provide the time period in which the meal was consumed. According to Mr. Butler, on October 21, 2000, ARAMARK provided band members a free breakfast in the dining hall on the SU campus. He stated that Dr. Gregg's paid for the 30 additional meals that were for non-band members. Dr. Gregg's



confirmed that ARAMARK provided band members a free breakfast on October 21, 2000. He stated the \$106 receipt may represent meals purchased for members of his band camp and not band members; however, he is not sure. Dr. Gregg also stated registration fees collected from band camp members were normally used to pay for breakfast.

Dr. Gregg submitted one other receipt to SU in the amount of \$595 from Alcorn State University for lunch purchased for 170 band members. The receipt was generic and typed and indicated 170 sandwiches and drinks were provided by Alcorn. The receipt was signed "Sam Griffin, Director of Bands, Alcorn University." Ms. Carolyn Hinton, comptroller for Alcorn, stated that she could not confirm this was a valid record from Alcorn. She stated the receipt was not produced in its business office and Mr. Griffin did not submit funds to the business office to support this transaction. She stated that she spoke with Mr. Griffin, and he informed her he had no recollection of the transaction. She further stated the signature on the receipt does not appear to be Mr. Griffin's. In addition, she stated that making a payment directly to the band director is not the university's procedure. Dr. Gregg confirmed that neither Mr. Griffin nor Alcorn provided SU band members a lunch on October 21, 2000.

Grambling State University - On November 22, 2000, Dr. Gregg submitted a travel request to the SU accounting department and received advanced travel funds totaling \$5,950 to purchase meals during November 24 and 26, 2000. SU records indicate that Dr. Gregg provided receipts totaling \$3,086 to support meal purchases and returned \$2,864 in unused funds. Based on SU records and statements made by Dr. Gregg, he submitted a false receipt to SU in the amount of \$685.

Dr. Gregg submitted a receipt dated November 26, 2000, to SU in the amount of \$685 from the DoubleTree Hotel for a meal eaten in New Orleans during the Bayou Classic. The receipt was handwritten and did not provide the time period in which the meal was purchased, the number of people fed, or physical location of the hotel. Dr. Gregg stated the band did not eat a meal at the DoubleTree Hotel on November 26, 2000.

Texas Southern State University - On November 7, 2001, Dr. Gregg submitted a travel request to the SU accounting department and received advanced travel funds totaling \$9,860 to purchase meals on November 10 and 11, 2001. SU records indicate Dr. Gregg provided receipts totaling \$5,090 to support meals purchased and returned \$4,770 in unused funds. Based on SU records and statements from Dr. Gregg and a hotel representative, Dr. Gregg submitted two false receipts to SU totaling \$3,036.

A receipt in the amount of \$1,360 dated September 14, 2000, (for a meal purchased in 2001) from Dinner Served, Inc. in Houston, Texas, indicated Dr. Gregg purchased lunch for 160 band members. SU records indicate the receipt was a result of a meal purchased in September 2000, and that Dr. Gregg submitted the receipt again in September 2001. Dr. Gregg confirmed that the band did not eat a meal at Dinner Served in 2001. On December 14, 2001, the SU accounting department discovered the false receipt submitted by Dr. Gregg and disallowed the expenditure. However, SU could not provide documentation demanding that Dr. Gregg return the \$1,360 in travel funds.

Dr. Greggs submitted another receipt in the amount of \$1,676 dated November 11, 2001, indicating he purchased a meal from Wyatt Cafeteria. The receipt was handwritten and does not provide the time in which the meal was purchased or the number of people fed. Dr. Greggs informed us the band did not eat meals at Wyatt Cafeteria. He stated that to his knowledge Wyatt Cafeteria (in the Houston area) has been closed for several years before their trip to Houston, Texas.

Northwestern State University - On September 4, 2002, Dr. Greggs submitted a travel request to the SU accounting department and received advanced travel funds totaling \$8,840 to purchase meals on September 7 and 8, 2002. SU records indicate that Dr. Greggs provided receipts totaling \$6,903 to support meals purchased and returned \$1,937 in unused funds. Based on SU records and statements from Dr. Greggs and a hotel representative, Dr. Greggs submitted two false receipts to SU totaling \$2,276.

Dr. Greggs submitted a receipt dated September 7, 2002, in the amount of \$1,094 indicating he purchased breakfast for 167 band members from the Shreveport Ramada Inn. However, records indicate ARAMARK provided band members a free breakfast on the morning of September 7, 2002. Dr. Greggs confirmed that ARAMARK provided the free breakfast, and the receipt in the amount of \$1,094 was a false receipt.

Dr. Greggs submitted another receipt dated September 8, 2002, in the amount of \$1,182 indicating he purchased lunch for 167 band members from the same Ramada Inn. On September 23, 2002, SU employees conducted their customary examination of Dr. Greggs' expense report and meal receipts. SU determined that the Ramada Inn receipt was invalid. According to SU records, a Ramada Inn representative stated the hotel had no record of Dr. Greggs purchasing the meal or Ramada Inn providing a lunch for band members on September 8, 2002.

On September 27, 2002, Dr. Greggs advised SU accounting department that the band did not have lunch at the Ramada Inn in Shreveport and returned the \$1,182 in travel funds to SU.

Jackson State University - On September 17, 2002, Dr. Greggs submitted a travel request to the SU accounting department and received advanced travel funds totaling \$3,075 to purchase meals on September 21, 2002. SU records indicate that Dr. Greggs provided receipts totaling \$2,742 to support meals purchased and returned \$333 in unused funds.

Dr. Greggs submitted a receipt dated September 21, 2002, in the amount of \$1,367 indicating he purchased breakfast for band members at Shoney's Inn of LaPlace, Louisiana. The Shoney's receipt was handwritten and did not provide the time in which the meals were purchased or the number of people fed. Dr. Greggs stated the band ate breakfast at Shoney's. However, according to ARAMARK records, on September 21, 2002, ARAMARK provided band members with a free breakfast in the dining hall on SU campus.

Prairie View A&M State University - On October 22, 2002, Dr. Greggs submitted a travel request to the SU accounting department and received advanced travel funds totaling \$9,860 to purchase meals on October 26 and 27, 2002. SU records indicate Dr. Greggs provided receipts

totaling \$6,447 to support meals purchased and returned \$3,413 in unused funds. Based on SU records and statements from Dr. Greggs and a hotel representative, Dr. Greggs submitted two false receipts to SU totaling \$1,800.

Dr. Greggs submitted a receipt dated October 26, 2002, in the amount of \$507 indicating he purchased breakfast for 150 band members from McDonald's Restaurant of Baton Rouge. The receipt was handwritten and did not provide the time in which the meals were purchased. However, according to ARAMARK records, ARAMARK provided band members with a free breakfast the morning of October 26, 2002. Dr. Greggs confirmed that ARAMARK provided band members with the free breakfast, and the receipt from McDonald's in the amount of \$507 was a false receipt.

Dr. Greggs submitted another receipt dated October 27, 2002, in the amount of \$1,293 indicating he purchased meals from Wyatt Cafeteria in Houston, Texas. The receipt was handwritten and did not provide the time in which the meals were purchased. Dr. Greggs stated band members did not eat at the Wyatt Cafeteria and again confirmed that all receipts from Wyatt Cafeteria were false.

It appears that Dr. Greggs submitted or caused to be submitted to SU false documents to keep unused portions of cash advances totaling \$16,781. Dr. Greggs indicated he was aware of and kept the cash from two false receipts. He further stated he was not aware of the false receipts at the time they were submitted nor did he keep any additional money from the other 13 false receipts. It should be noted that Dr. Greggs signed all of his expense reports certifying his meal receipts were valid and the expenses were incurred. During three interviews with Legislative Auditors, Dr. Greggs confirmed that 15 false receipts were included with his travel expense reports. After discussions with the Legislative Auditors, on March 8, 2005, Dr. Gregg paid SU \$1,650 as reimbursement for the September 20, 2000, Embassy Suites receipt he submitted as a meal expense.

### Lack of Management Notification

Employees in the travel section of SU's accounting department are responsible for examining expense reports for accuracy and compliance with SU policy. After examining the reports, the employees sign the reports indicating the reports were examined. Ms. Jones, the travel section supervisor, is responsible for providing an independent review of the employee's examination work. According to SU policy, unusual items and/or discrepancies in the expense reports are reported to management and written notice sent to the employee submitting the expense report.

According to Ms. Jones, during the 2000 football season, she became suspicious with Dr. Greggs' meal receipts because the receipts seemed to be repeated from previous expense reports. At that time she informed her supervisor, Ms. Celeste Wilkinson, of her suspicions and began contacting hotels and restaurants to verify the validity of the receipts. Ms. Jones stated she informed Ms. Wilkinson of some false receipts but not all. Ms. Wilkinson stated Ms. Jones did not inform her of any false receipts. In addition, Ms. Wilkinson stated that SU policy is to notify Dr. Greggs in writing when there is a discrepancy with his expense reports. The written notice,

an “Audit Change Notice,” should have been mailed to Dr. Greggs’ address. According to Ms. Wilkinson, their records do not reflect that Dr. Greggs was given written notification.

Had Ms. Wilkinson or Ms. Jones effectively communicated (orally and written Audit Change Notice) with management above their authority, SU would have been properly notified of Dr. Greggs submitting false receipts to SU and therefore given the opportunity to take appropriate actions to prevent further occurrences.

### Lack of Management Review

As stated previously, accounting employees are responsible for examining Dr. Greggs’ expense reports, and Ms. Jones is responsible for reviewing the employee’s work. However, according to Ms. Jones, on occasion she would prepare expense reports for Dr. Greggs based on information he provided to her. By preparing Dr. Greggs’ expense reports, Ms. Jones limited the review process, thereby limiting management’s internal control.

### Lack of Timely Remittances

From March 2001 through December 2003, Dr. Greggs failed to remit to SU the unused portion of advanced travel funds in a timely manner. According to SU policy, Dr. Greggs must return, within 15 days after returning from his trip, any unused travel advance to SU. According to SU records, Dr. Greggs would delay from 25 to 230 business days after his trip before submitting the unused funds.

The table below illustrates the periods in which Dr. Greggs returned unused travel advances to SU:

<b>Advance</b>	<b>Travel Ending</b>	<b>Due SU</b>	<b>Date Returned</b>	<b>Days After Travel</b>
\$11,390	10/28/2001	\$1,899.96	12/14/2001	30
\$9,860	11/04/2001	\$1,629.53	12/14/2001	25
\$8,840	09/15/2002	\$1,502.30	12/17/2002	60
\$3,910	08/30/2003	\$1,886.00	11/30/2003	60
\$8,840	09/06/2003	\$2,289.04	08/27/2004	230

Article 7 Section 14 of the Louisiana Constitution states, in part, that “except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.” By allowing Dr. Greggs to hold public funds beyond the period prescribe in its policy, SU may be in violation of the Louisiana Constitution.

## Employee Failed to Take Leave

From June 12 to July 21, 2000, (25 days) SU Associate Band Director Lawrence Jackson attended the VanderCook College of Music in Chicago, Illinois, without SU approval. As a result, Mr. Jackson was paid \$3,288 for 200 hours he did not work.

According to Ms. Frances Smith, assistant vice-president for human resources and counsel to the president, Mr. Jackson's appointment to full-time status required he work a 40-hour workweek. SU policy states that no employee shall be absent from his/her duties without proper authorization. It further states that it is the responsibility of the department head to receive and review requests for leave of absence for all employees and forward the requests to the human resources department for approval. According to Ms. Smith, Mr. Jackson did not have approval for paid leave, and she was unaware he was being paid while attending an out-of-state school.

According to Mr. Peter Berghoff, assistant to the dean of graduate studies at the VanderCook College of Music, from June 12 to July 21, 2000, Mr. Jackson attended VanderCook and earned 15 credit hours. SU payroll records during June and July 2000 were signed by Lawrence Jackson indicating Mr. Jackson worked eight hours for each of the 25 days between June 12 and July 21. In addition, Dr. Greggs, Mr. Jackson's supervisor, signed the time sheets approving the time worked by Mr. Jackson.

Mr. Jackson stated that he reviewed and signed his time sheets for each of the above months that were submitted to the payroll department. He further stated that he was not aware of SU procedures for authorization to attend the school, but that he had informed Dr. Greggs and received his oral approval.

Dr. Greggs informed us he was aware Mr. Jackson attended the VanderCook College of Music. He stated that he encouraged Mr. Jackson to attend school. Dr. Greggs further stated he signed Mr. Jackson's time sheet authorizing he be paid while attending an out-of-state school.

Had Dr. Greggs followed SU policy by forwarding the proper request, in writing to the human resources department, SU would have been afforded the opportunity to decide whether or not to pay Mr. Jackson for attending an out-of-state school.

This report has been provided to the District Attorney for the Nineteenth Judicial District of Louisiana. The actual determination as to whether an individual is subject to formal charge is at the discretion of the district attorney.<sup>1</sup>

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<sup>1</sup> **Article 7, Section 14 of the Louisiana Constitution** provides, in part, that except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

**R.S. 14:67** provides, in part, that theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations.

**R.S. 14:133** provides, in part, that filing false public records is the filing or depositing for record in any public office or with any public official, or the maintaining as required by law, regulation, or rule, with knowledge of its falsity, any forged document, any wrongfully altered document, or any document containing a false statement or false representation of a material fact.

**R.S. 14:134** provides, in part, that malfeasance in office is committed when any public officer or public employee shall (1) intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; (2) intentionally perform any such duty in an unlawful manner; or (3) knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him or to perform any such duty in an unlawful manner.

The university should strengthen its system of internal control by adopting, at a minimum, the following:

1. Provide a university credit card to the band director or reimburse the band director for use of his personal credit card for the purchase of meals. Procedures for credit card purchases should include submitting original itemized receipts; a list of participants; and the purpose of the meal/expense. Carrying a large amount of cash increases the risk of loss, theft, or misappropriations.
2. Require itemized and signed receipts be submitted with expense reports before reimbursements are made. Itemized receipts should be original, contain the date, time, and number of meals purchased. Itemized receipts will enable the expense report examiner to better determine the appropriateness of the expenditures. Photo copied and/or handwritten receipts can be easily manipulated, thereby increasing the possibility of fraudulent receipts.
3. Require unused travel funds (cash or checks) be returned to the university in accordance with travel policy.
4. Require periodic independent internal reviews of travel records to verify that invoices/receipts submitted to the university are valid and supports the appropriate travel. Independent validation with the vendors will discourage submitting fraudulent receipts by university employees.

The university should seek reimbursement from Dr. Greggs of all meal cost where documents and/or discussion with individuals indicate the meal was not actually received.

We recommend that university employees responsible for examining expense reports ensure the reports reflect accurate dates and times of travel. During our audit of Dr. Greggs' expense reports, we noted several occasions where dates and times of travel were not accurately stated.

We recommend the university adhere to its adopted policy, the State Travel Regulations (PPM-49) or establish a written travel policy to reflect its current practices. According to Ms. Wilkinson, the university as a whole follows PPM-49 except for the band students. University practice allows meal purchases for students outside of the timeframe allowed by PPM-49 when those students travel to out-of-town football games. However, Ms. Wilkinson could not provide a written policy that coincides with university practice.

Finally, we recommend the university determine whether Mr. Jackson should reimburse the university for the period he was paid attending an out-of-state school. In addition, the university should ensure that all employees understand and adhere to its policy addressing employee leave for educational purposes.

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Southern University is under the management and supervision of the Southern University Board of Supervisors created by the Louisiana Constitution of 1974. The Board is responsible for the management and supervision of the institutions of higher education, statewide agricultural programs, and other programs that comprise the Southern University System. The powers of the Board of Supervisors are subject to those vested by the constitution to the Louisiana Board of Regents.

The Office of Legislative Auditor received an allegation from a former employee alleging improprieties in the university's Band Department. This audit was performed to determine the propriety of this allegation.

The procedures performed during this audit consisted of the following:

- (1) interviewing employees and officials of the university;
- (2) interviewing other persons as appropriated;
- (3) examining selected documents and records of the university;
- (4) performing observations; and
- (5) reviewing applicable state laws and regulations.

The results of our audit are the findings and recommendations herein.



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## Management's Response

On April 19, 2005, this office met with representatives of Southern University - Baton Rouge Campus and Southern University System to discuss our audit of the Southern University Band Department. As a customary practice, two weeks (May 3, 2005) are allowed for management to respond, in writing to the audit report.

During the two-week period, Dr. Ralph Slaughter, Vice President of the University System requested and received an extension of time in which to respond. According to Dr. Slaughter, during the two-week period, the university's response was ready for delivery; however, Dr. Isaac Greggs with his attorney, Mr. Hillar C. Moore, III wished to respond, in writing to the audit report and requested from Dr. Slaughter additional time in which to respond. We granted Dr. Slaughter an extension to May 11, 2005.

Dr. Slaughter did not meet the May 11, 2005, deadline and requested another extension of time in which to respond. Dr. Slaughter was granted until May 16, 2005, to respond. During this period, Dr. Slaughter continued to express his concern that Dr. Greggs and his attorney needed more time and information from this office in order to respond.

It should be noted that Dr. Greggs met with representatives of the Legislative Auditor on four occasions (January 31, 2005; February 16, 2005; March 1, 2005; and April 12, 2005) and discussed, in detail, each travel advance reported herein. During the 27 days allowed for management to respond to the audit report, neither Dr. Greggs nor Mr. Moore contacted this office to request information concerning the audit or arrange for an extension of time in which to respond.

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## SOUTHERN UNIVERSITY AND A&M COLLEGE SYSTEM

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May 16, 2005

Mr. Steve J. Theriot, CPA  
Legislative Auditor  
1600 North Third Street  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

Dear Mr. Theriot:

Attached is the Southern University at Baton Rouge's response to the compliance audit report on the Southern University Band Department.

A copy of the draft report was also provided to Dr. Greggs through his attorney, Mr. Hillar C. Moore, III. Mr. Moore has indicated he wanted to reply to the report but needed additional time as well as access to your auditors' interviews with Dr. Greggs, and copies of statements from witnesses provided to your office.

Please let me know if additional information is needed.

Sincerely,

A handwritten signature in black ink, appearing to read "Leon R. Tarver II", written over a horizontal line.

Leon R. Tarver II  
President

LRT/mwj



Office of the Chancellor  
P. O. Box 9374  
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May 11, 2005

Dr. Leon Tarver II  
President  
Southern University System  
Southern University  
Baton Rouge, LA 70813

**RE: *Audit Recommendations***

Dear Dr. Tarver:

Submitted herewith is our response to the audit recommendations for the above referenced audit.

Should additional information or discussion of topic be necessary please advise.

Sincerely,

A handwritten signature in cursive script that reads "Edward R. Jackson".

Edward R. Jackson  
Chancellor

ERJ/jmj

Attachments

**Southern University at Baton Rouge  
Response to Audit Recommendations**

**RECOMMENDATION NO 1:**

The University should strengthen its system of internal control by adopting, at a minimum, the following:

1. **Provide a University credit card to the band director or reimburse the band director for use of his personal credit card for the purchase of meals. Procedures for credit card purchases should include submitting original itemized receipts, a list of participants; and the purpose of the meal/expense. Carrying large amounts of cash increases the risk of loss, theft, or misappropriations.**

The University operates under the Office of the Governor, Division of Administration, and Office of the Commissioner, General Travel Policy and Procedure Memorandum No. 49. With the exception of the Corporate card, which is the liability of the employee, not the state, this policy does not provide for a University Credit card to be provided to the traveler. The University will research to identify options that can be exercised to comply with this recommendation. If an available option is found, we will revise our existing policies to incorporate changes to comply with this recommendation.

The University will strictly enforce the provision of the Office of the Governor, Division of Administration, and Office of the Commissioner, General Travel Policy and Procedure Memorandum No. 49 which states:

“Advances of funds for travel shall be made only for extraordinary travel and should be punctually repaid when submitting the travel voucher covering the related travel, not later than the fifteenth day of the month following the completion of travel.”

In accordance with the provision of this policy, employees who accompany and/or are responsible for students on group travel qualify under the exemption provision which authorize the University to provide such advances.

2. **Require itemized and signed receipts be submitted with expense reports before reimbursements are made. Itemized receipts should be original, contain the date, time, and number of meals purchased. Itemized receipts will enable the expense report examiner to better determine the appropriateness of the expenditures. Photo copied and/or handwritten receipts can be easily manipulated, thereby increasing the possibility of fraudulent receipts.**

In November 2004, Southern University - Baton Rouge issued a revision to its travel procedure. The revision incorporated the following changes:

In our effort to insure fiscal and audit compliance, the following changes were made to the policies and procedures governing travel advances and reimbursements.

1. Southern University will only accept original, detailed vendor receipts for reimbursement purposes. These receipts must contain the following vendor information.

- ◆ Name
- ◆ Address
- ◆ Contact phone number
- ◆ Date of services
- ◆ Itemized description and cost of services rendered and/or goods received.

**NOTE: In the event that copies must be used, a notarized affidavit certifying the validity of the receipts must accompany the submission.**

2. All travel advances shall be cleared before subsequent advances are given.
3. All requests for advance must be accompanied by a travel request and contain reasonable cost estimates including a listing of travelers. The list of travelers must show the official business relationship of the traveler to the travel purpose.
4. All requests for reimbursement for per diem for group travel must be accompanied by a roster with certification of travel per diem issued (see attached form).
5. Travel expenses related to sponsors and other persons not representing the University in an official University capacity and for the purpose of the trip are not allowed.

These changes became effective December 1, 2004.

3. **Require unused travel funds (cash or checks) be returned to the University in accordance with travel policy.**

The University will strictly enforce the travel advance repayment provision of the Office of the Governor, Division of Administration, Office of the Commissioner, General Travel Policy and Procedure Memorandum No. 49 which states:

“Advances of funds for travel shall be made only for extraordinary travel and should be punctually repaid when submitting the travel voucher covering the related travel, not later than the fifteenth day of the month following the completion of

travel.”

3. **Require periodic independent internal reviews of travel records to verify that invoices/receipts submitted to the University are valid and supports the appropriate travel. Independent validation with the vendors will discourage submitting fraudulent receipts by University employees.**

Southern University will enhance its internal controls relative to our existing procedure that require that the Travel Specialist/Technician verify that invoices/receipts submitted to the University are valid and supports the appropriate travel. Southern University will only accept original, detailed vendor receipts for reimbursement purposes. These receipts must contain the following vendor information.

- ◆ Name
- ◆ Address
- ◆ Contact phone number
- ◆ Date of services
- ◆ Itemized description and cost of services rendered and/or goods received.

**NOTE:** In the event that copies must be used, a notarized affidavit certifying the validity of the receipts must accompany the submission.

All travel vouchers are reviewed by the Travel Specialist/Technician for conformity with travel policies and procedures. The travel expense voucher must then be approved by the Chief Disbursement Officer.

In addition to compliance with the above requirement, the university's Internal Auditor will conduct random reviews to insure compliance with all requirements.

***RECOMMENDATION NO 2:***

**The University should seek reimbursement from Dr. Greggs of all meal cost where documents and/or discussion with individuals indicate the meal was not actually received.**

The University has received reimbursement from Dr. Greggs for all costs questioned in the audit report.

***RECOMMENDATION NO 3:***

**We recommend that University employees responsible for examining expense reports ensure the reports reflect accurate dates and times of travel. During our audit of Dr. Greggs' expense**



**reports we noted several occasions where dates and times of travel were not accurately stated.**

The University will enhance its internal controls governing the review of travel vouchers submitted to ensure that all travel expense vouchers are in compliance with the provision of PPM49 which require that all claims for reimbursement for travel shall be submitted on state Form BA-12, unless exception has been granted by the commissioner of administration, and shall include all details provided for on the form. It must be signed by the person claiming reimbursement and approved by his/her immediate supervisor. The purpose for extra and unusual travel must be stated in the space provided on the front of the form. In all cases the date and hour of departure from and return to domicile must be shown.

Employees responsible for reviewing travel expense voucher will be required to participate in training designed to ensure that employees are knowledgeable of the specific requirements.

***RECOMMENDATION NO 4:***

**We recommend the University adhere to its adopted policy, the State Travel Regulations (PPM-49) or establish a written travel policy to reflect its current practices. According to Ms. Wilkinson, the University as a whole follows PPM-49 except for the band students. University practice allows meal purchases for students outside of the time frame allowed by PPM-49 when those students travel to out-of-town football games. However, Ms. Wilkinson could not provide a written policy that coincides with University practice.**

The University adheres to its adopted policy, the State Travel Regulations (PPM-49). Southern University has a written policy that govern the issuance of and accounting for travel advances. This policy, Administrative and Fiscal Policies and Procedures Memorandum No.1 revised August 20, 1982, amended for clarification July 14, 1998 is in accordance with PPM49. Southern University will review its existing policy and amend as appropriate to incorporate the recommendations contained in this document.